



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	SB0383	<b>Title:</b>	Require full-size license plates on ATVs and off-highway vehicles
<b>Primary Sponsor:</b>	Laslovich, Jesse	<b>Status:</b>	As Introduced

- |  |  |  |
|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget        | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### **FISCAL SUMMARY**

	<u><b>FY 2010 Difference</b></u>	<u><b>FY 2011 Difference</b></u>	<u><b>FY 2012 Difference</b></u>	<u><b>FY 2013 Difference</b></u>
<b>Expenditures:</b>				
General Fund	\$357,063	\$47,700	\$47,700	\$47,700
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$632,530	\$516,320	\$516,320	\$516,320
State Special Revenue	(\$2,000)	(\$4,000)	(\$4,000)	(\$4,000)
<b>Net Impact-General Fund Balance:</b>	<u>\$275,467</u>	<u>\$468,620</u>	<u>\$468,620</u>	<u>\$468,620</u>

### **Description of fiscal impact:**

This legislation revises current registration requirements for off-highway vehicles and quadricycles, allowing for the issuance of two large plates, revises definition of an off-highway vehicle, and allows for issuance of certain plate types to quadricycles and off-highway vehicles. These changes will result in a positive impact on the general fund.

SB 383 is one of several bill drafts that seek to modify motor vehicle laws and therefore the motor vehicle licensing system (MERLIN). The fiscal note for each bill will be prepared based on the effect of the individual bill. However, when viewed as a package, the cumulative effect of passage of more than one bill will require additional analysis and may provide opportunities to share or redistribute costs.

The fiscal impact to the Department of Corrections budget reflects the cost of only the raw materials to produce the license plates needed for the passage of SB383. Other operating expenditures are covered by the base budget.

## FISCAL ANALYSIS

### Assumptions:

#### **Department of Justice**

##### Motor Vehicle Division (MVD):

1. Under SB 383, quadricycles and off-highway vehicles (OHV) will be issued two plates that can include personalized and specialty plates except for Chrome for Kids, National Guard, Reserved Armed Forces, Amateur Radio, and Collegiate style plates.
2. There are 74,874 currently registered owners of quadricycles and off-highway vehicles that will be required to immediately replace their current plate with two license plates and/or decals at a cost of \$5.00 per set resulting in an increase in revenue to the state general fund of \$374,370 in FY 2010 [ $\$5.00 \text{ plate fee} * 74,874 \text{ vehicles} = \$374,370$ ].
3. It is assumed 13,000 quadricycles will be registered annually.
4. There are approximately 58,000 off-highway vehicles currently registered. Assuming off-highway vehicles have a 5-year life span, it is estimated that there are 11,600 new off-highway vehicles purchased and registered annually [ $58,000 \text{ OHV} / 5 \text{ years} = 11,600 \text{ vehicles}$ ].
5. Assuming the percentage of quadricycle and off-highway vehicle owners who purchase military plates is equal to the percentage of light vehicle owners (1%), there will be a one percent increase in the sale of military plates. The revenues on these plates would be same as standard issue plates; therefore there is no fiscal impact.
6. Assuming 10% of quadricycle and off-highway vehicle owners will purchase organizational specialty plates, there will be an increase in the deposit of monies into the state general fund of \$12,300 in FY 2010 (due to the effective date of this bill) and \$24,600 each year thereafter [ $\$10.00 \text{ administration fee} * ((13,000 \text{ quadricycles} + 11,600 \text{ OHV} = 24,600 \text{ vehicles}) * 10\% = 2,460) = \$24,600$ ].
7. Assuming the percentage of quadricycle and off-highway vehicle owners who purchase personalized plates is equal to the percentage of light vehicle owners (10%), there would be an increase in revenue of \$30,750 for FY 2010 (due to the effective date) and \$61,500 each year thereafter to be deposited into the state general fund [ $\$25.00 \text{ application fee} * ((13,000 \text{ quadricycles} + 11,600 \text{ OHV} = 24,600 \text{ vehicles}) * 10\% = 2,460) = \$61,500$ ].
8. Assuming the percentage of quadricycle and off-highway vehicle owners who purchase veteran plates is equal to the percentage of light vehicle owners (2%), there would be an increase in revenue of \$2,460 in FY 2010 and \$4,920 each year thereafter to be deposited into general fund [ $\$10.00 \text{ fee} * ((13,000 \text{ quadricycles} + 11,600 \text{ OHV} = 24,600 \text{ vehicles}) * 2\% = 492 \text{ vehicles}) = \$4,920$ ].
9. According to 61-3-459, MCA, the \$10.00 per set of license plates issued, renewed, or transferred must be deposited in the state general fund and transferred as provided in 15-1-122, MCA, to the special revenue account for state veterans' cemeteries. 15-1-122, MCA, allocates only a percentage of a percentage of this amount to be deposited into this account. This would amount to a transfer of less than \$10 dollars and could be less than a dollar depending on number of vehicles. For this reason no transfer is shown but would be made based on actual deposits.
10. There will be a decrease in the amount of money collected for the Chrome for Kids plates due to quadricycles no longer being allowed to purchase these plates. Assuming 200 quadricycles purchase this plate type annually this will result in a decrease of \$500 to the state general fund account in FY 2010 and \$1,000 each year thereafter [ $\$5.00 \text{ plate fee} * 200 \text{ quadricycles} = \$1,000$ ]. In addition there will be a decrease of \$2,000 to the state special revenue fund in FY 2010 and \$4,000 each year thereafter [ $\$20.00 \text{ donation} * 200 \text{ quadricycles} = \$4,000$ ].
11. Motorcycles, quadricycles, and off-highway vehicles will be issued decals based upon their registered type of usage (off-highway use only or dual off-highway and public highway usage).

12. The department will require the use of two different decals in order to indicate whether the vehicle is registered for off-road use only or both off-road and public highway use.
13. Decals will be issued one per motorcycle registration and two for each quadricycle or off-highway vehicle registration to be displayed on the plates assigned to that vehicle.
14. Motorcycles, quadricycles, and off-highway vehicles will be permanently registered for off-road use only, public highway use, or both off-road and public highway use. Registration fees will be collected upon original registration or if vehicle ownership transfers.
15. Assuming 30% of off-highway vehicles will be registered for dual use (both on and off public highways), a new one-time registration fee of \$122.50 will result in an increase of revenue of approximately \$213,150 for FY 2010 and \$426,300 thereafter to be deposited into the state general fund [ $\$122.50 * (11,600 \text{ OHV} * 30\% = 3,480 \text{ vehicles}) = \$426,300$ ]. Other registration fees would remain the same as current statute resulting in no changes.
16. It is assumed the required decals cost \$0.25 each. Quadricycles and off-highway use vehicles would need to be issued two decals to indicate this registration type (off-highway only or dual-use), increasing operating expenses \$37,437 for FY 2010 and \$12,300 each fiscal year following. [ $(\$0.25/\text{decals} * 2 \text{ decals} * 16,640 \text{ currently registered quadricycles} = \$8,320) + (\$0.25/\text{decals} * 2 \text{ decals} * 58,234 \text{ currently registered off-highway vehicles} = \$29,117) = \$37,437$ ] and [ $0.25/\text{decals} * 2 \text{ decals} * 24,600 \text{ estimated new registrations/year} = \$12,300$ ].
17. The department will allow for the replacement of plates and/or decals by either issuing new or duplicating previously issued plates and/or decals.
18. The Department of Corrections will submit a fiscal note related to the cost of producing the license plates for quadricycles and off-highway vehicles.

Justice Information Technology Services Division (JITSD):

19. It is assumed it will be necessary to reconfigure the off-highway usage plate to use a plate with the current off-highway decal.
20. It is assumed the off-highway decal that is configured in the system will continue being used.
21. It will be necessary to reconfigure the plate type requirement table to map quadricycles to use the paired plate configurations for all large plates.
22. It will be necessary to modify the system to produce a point-of-sale tab for a plate if the usage is “regular” (street legal) and “off-highway” (both tab and decal).
23. The above MERLIN programming, configuration, and testing will be contracted by JITSD to the system contractor and would cost approximately \$19,200 in FY 2010.

**Department of Corrections**

24. With the passage of SB383, all quadricycles and off-highway vehicles will be issued two large (12”) license plates.
25. The currently registered owners of quadricycles and off-highway vehicles will be required to be issued a set of large license plates and one decal to replace their current small plate and/or decal on January 1, 2010. Per Motor Vehicle Division (MVD) there are 74,874 currently registered vehicles.
26. In addition to the current registered owners, per MVD, there are an estimated 10,000 off-highway vehicles purchased and registered annually.
27. Montana Correctional Enterprises will produce 169,748 ( $74,874 * 2 = 149,748, 10,000 * 2 = 20,000, 143,346 + 20,000 = 169,748$ ) additional plates in FY 2010 and 20,000 plates each year thereafter, in addition to the regularly issued license plates.
28. The additional cost to the general fund will be for materials only, as other operational costs are either fixed, or this small addition of plates will not affect them.
29. The materials cost for the FY 2010 license plates, (169,748 or 84,874 sets) is \$3.54 per set. The cost per set, is broken down by print heads \$.22 (\$18,645), reflective sheeting \$2.24 (\$190,118), aluminum \$1.06 (\$89,966) and miscellaneous supplies \$.02 (\$1,697), for a total of \$300,426.

30. The materials cost for the FY 2011 and subsequent years license plates (20,000 or 10,000 sets) at \$3.54 per set is \$35,400.

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b>Department of Justice</b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$56,637	\$12,300	\$12,300	\$12,300
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$56,637	\$12,300	\$12,300	\$12,300
<b><u>Revenues:</u></b>				
General Fund (01)	\$632,530	\$516,320	\$516,320	\$516,320
State Special Revenue (02)	(\$2,000)	(\$4,000)	(\$4,000)	(\$4,000)
<b>TOTAL Revenues</b>	<b><u><u>\$630,530</u></u></b>	<b><u><u>\$512,320</u></u></b>	<b><u><u>\$512,320</u></u></b>	<b><u><u>\$512,320</u></u></b>

**Department of Corrections**

<b><u>Expenditures:</u></b>				
Operating Expenses	\$300,426	\$35,400	\$35,400	\$35,400
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$300,426	\$35,400	\$35,400	\$35,400
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$275,467	\$468,620	\$468,620	\$468,620
State Special Revenue (02)	(\$2,000)	(\$4,000)	(\$4,000)	(\$4,000)

**Effect on County or Other Local Revenues or Expenditures:**

1. There will be a decrease in the amount of money collected for the Chrome for Kids plates due to quadricycles no longer being allowed to purchase these plates. Assuming that 200 quadricycles purchase this plate annually there will be an annual decrease of \$1,000 to the county general fund account [\$5.00 administrative fee \* 200 quadricycles = \$1,000].
2. Assuming that 10 percent of quadricycle and off-highway vehicle owners apply for specialty plates, the county treasurer may see an increase of \$12,300 to the county general fund annually [\$5.00 county retained administration fee \* 2,460 vehicles = \$12,300].

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Sponsor's Initials\_\_\_\_\_  
Date\_\_\_\_\_  
Budget Director's Initials\_\_\_\_\_  
Date